

**CASS COUNTY, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2014**

# Cass County Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2
Management's Discussion and Analysis	3 - 3f
Basic Financial Statements	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 4
Statement of Activities	B 6
Governmental Fund Financial Statements:	
Balance Sheet	C 7
Reconciliation of the Balance Sheet -	
Governmental Funds to the Statement of Net Position	D 9
Statement of Revenues, Expenditures and Changes in	
Fund Balances	E 10
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances - Governmental Funds to	
the Statement of Activities	F 12
Proprietary Fund Financial Statements:	
Statement of Net Position	G 13
Statement of Revenues, Expenses and Changes in Fund	
Net Position	H 14
Statement of Cash Flows	I 15
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities - Agency Funds	J 16
Notes to Financial Statements	17
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes	
in Balances - Budget and Actual (Cash Basis) - All Governmental Funds	34
Budgetary Comparison Schedule - Budget to GAAP Reconciliation	35
Notes to Required Supplementary Information - Budgetary Reporting	36
Schedule of Funding Progress for the Retiree Health Plan	37
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 38
Combining Schedule of Revenues, Expenditures and	
Changes in Fund Balances	2 39
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	3 40
Combining Schedule of Changes in Fiduciary Assets	
and Liabilities	4 43
Schedule of Revenues by Source and Expenditures by	
Function - All Governmental Fund Types	5 46
Schedule of Expenditures of Federal Awards	6 47
Independent Auditor's Report on Internal Control over Financial	
Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed in Accordance with	
Government Auditing Standards	49
Independent Auditor's Report on Compliance for Each Major Federal	
Program, on Internal Control over Compliance and on the Schedule	
of Expenditures of Federal Awards Required by OMB Circular A-133	51
Schedule of Findings and Questioned Costs	53

Cass County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gaylord Schelling	Board of Supervisors	January, 2015
Mark Wedemeyer	Board of Supervisors	January, 2015
Frank Waters	Board of Supervisors	January, 2017
Charles Rieken	Board of Supervisors	January, 2017
Duane McFadden	Board of Supervisors	January, 2017
Dale E. Sunderman	County Auditor	January, 2017
Tracey J. Marshall	County Treasurer	January, 2015
Joyce Jensen	County Recorder	January, 2015
Darby McLaren	County Sheriff	January, 2017
Daniel Feistner	County Attorney	January, 2015
Brenda Nelson	County Assessor	January, 2016

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
DAVID L. HANNASCH  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Cass County

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Iowa as of and for the year ended June 30, 2014, and related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Officials of Cass County

## Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Cass County as of June 30, 2014 and the respective changes in financial position, and cash flows where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 3 through 3f and on pages 34 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2015 on our consideration of Cass County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cass County's internal control over financial reporting and compliance.

*Gmewoll, Ben, Kyhan & Co., P.C.*

Atlantic, Iowa  
January 21, 2015

# Board of Supervisors Cass County

5 West 7<sup>th</sup> Street / Atlantic, LA 50022

(712) 243-6661

FAX: (712) 243-4572

## MANAGEMENT'S DISCUSSION & ANALYSIS

The Cass County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

### 2014 FINANCIAL HIGHLIGHTS (See budget for additional information on valuations and levies)

	FY2014	FY2013	CHANGE
Valuation for computing property taxes	\$ 765,261,110	\$678,596,681	\$86,664,429
Rural Valuation	\$ 497,067,476	\$421,703,965	\$75,363,511
Urban Valuation	\$ 268,193,634	\$256,892,716	\$11,300,918
Taxes Levied on Property {see F638-R}	\$ 6,576,915	\$ 5,903,092	\$ 673,823

Cass County levy rates/\$1,000 are shown below:

	FY2014	FY2013
General Basic/General Supplemental	4.87372	4.81014
MH-DD/County Services	.81028	1.10393
Rural Basic/Rural Supplemental	4.48062	4.48140
Total	10.16462	10.39547

{see page - 10 & AFR F634-A}

<u>Governmental Fund Revenues</u>	FY2014	FY2013	Change
Comprised in part by the following:	\$ 13,901,157	\$ 12,699,770	\$ 1,201,387
Net Taxes	\$ 5,699,182	\$ 5,631,480	\$ 67,702
Utility Tax Replacement	\$ 340,296	\$ 351,650	\$ ( 11,354)
State Replacements	\$ 312,507	\$ 270,954	\$ 41,553
Local Option Sales Tax Revenue	\$ 582,710	\$ 630,925	\$ ( 48,215)

(See page -10-)

<u>Governmental Fund Expenditures</u>	FY2014	FY2013	Change
Comprised of the following:	\$ 14,468,301	\$ 11,942,422	\$ 2,525,879
Operating Expenses	\$ 13,577,857	\$ 11,465,298	\$ 2,112,559
Capital Projects	\$ 813,009	\$ 362,366	\$ 450,643
Debt Service	\$ 77,435	\$ 114,758	\$ ( 37,323)

(See page -4-)

<u>Capital Assets</u>	FY2014	FY2013	Change
	\$ 21,962,998	\$ 18,316,991	\$ 3,646,007

## **UTILIZATION OF THIS ANNUAL REPORT**

The annual report consists of a series of financial statements as well as other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The Government-Wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Cass County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Cass County's operations in more detail than government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cass County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Other Supplemental Information provides detailed information about the non major special revenue and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

## **Reporting the County as a Whole**

### **Government-Wide Financial Statements**

One of the most important questions asked about the County's finances is *Is the County as a whole better off or worse off as a result of the year's activities?* The statement of net position and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position presents all of the County's assets, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net position and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Non-program Activities
9. Interest on long-term debt

Property tax and state and federal grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Cass County has three kinds of funds – governmental, proprietary & fiduciary funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue Funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (3) the Debt Service Fund, and (4) the Capital Projects Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Proprietary funds account for the County's Internal Service Fund and Employee Group Health Insurance Account. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.
- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, the county assessor and others.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. This is the fifth year the County is utilizing accumulated depreciation for capital assets. The analysis that follows focuses on the changes of the net position for our governmental activities.

### Statement of Net Position - Governmental Activities

Net Position (see page -5-)	June 30, 2014	June 30, 2013
Net Investment in Capital Assets	\$ 21,051,676	\$ 17,699,839
Restricted for:		
Mental Health Purposes	815,422	732,916
Rural Services Purposes	414,003	357,120
Secondary Roads Purposes	1,363,871	1,649,233
Local Option Sales Tax Purposes	250,800	217,999
County Attorney and sheriff investigation purpose	581,030	619,057
Other Purposes	426,597	385,937
Unrestricted	1,000,310	982,781
Net Position	\$ 25,903,709	\$ 22,644,882
Short-Term Liabilities (see page -4-)	607,533	607,672
Long-term Liabilities due or payable within one year	267,473	251,171
Long-Term Debt Outstanding- G.O. Bond	827,495	561,152
Total Liabilities	\$ 1,702,501	\$ 1,419,995

A large portion of the County's total assets is the Invested in Capital Assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. Restricted net position represent resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

Changes in Net Position of Governmental Activities  
(See Page -6-; Exhibit B- Statement of Activities)  
Year Ended June 30, 2014

<b>REVENUES</b>			
	Program Revenues		
		Charges for services	\$ 558,281
		Operating Grants & Contributions & Int.	6,397,202
		Capital Grants & Contributions	3,420,523
	General Revenues		
		Property Taxes	6,051,004
		Penalty & Interest on Property Taxes	49,539
		State tax credits	312,507
		Local option sales & service tax	582,710
		Unrestricted investment earnings	61,457
		Other general revenues	1,251,994
		<b>Total revenues</b>	<b>18,685,217</b>
<b>PROGRAM EXPENSES</b>			
		Public Safety & Legal Services	2,395,220
		Physical Health & Social Services	499,198
		Mental Health	1,089,097
		County Environment & Education	535,249
		Roads & Transportation	5,441,540
		Government Services to Residents	514,765
		Administration	2,523,256
		Non-program	2,405,639
		Interest on Long Term Debt	22,426
		<b>Total expenses</b>	<b>15,426,390</b>
		Change in net position	3,258,827
		Net position beginning of year	22,644,882
		Net position end of year	\$25,903,709

**INDIVIDUAL FUND ANALYSIS** (See Balance Sheet Page -8-)

Fund Balances at end of	FY2011	FY2012	FY2013	FY2014
General Fund	563,743	802,315	1,021,210	1,012,083
Mental Health/DD Fund	642,370	580,137	741,321	820,690
Rural Services	193,991	245,461	362,468	426,765
Secondary Roads	1,279,998	1,528,561	1,737,888	1,454,162
Local Option Sales Tax	381,562	136,332	217,999	250,800
Co. Attorney & Sheriff				
Invest	289,881	552,609	619,057	581,030
Capital Projects	21,320	82,732	95,552	66,029
Other Funds	18,368	86,351	77,936	188,490
<b>Total</b>	<b><u>3,391,233</u></b>	<b><u>4,014,498</u></b>	<b><u>4,873,431</u></b>	<b><u>\$4,800,049</u></b>

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the County amended its budget once, which increased budgeted disbursements by \$4,985,915. The budget increase was primarily for disbursements in the non-program, and roads and transportation functions.

The County's total receipts and disbursements were less than budgeted by approximately \$3,968,000 and \$5,130,000, respectively. The County's disbursements were less than amounts budgeted for all of the functions.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets** (see page -4-)

Cass County ended FY 2014 with approximately \$21,962,998 invested in a broad range of capital assets.

### **Debt**

Cass County and Audubon County invested \$1,000,000 (\$500,000 each) in a joint land purchase/economic development project in FY2007: Valley Business Park. General Obligation Bonds in the amount of \$500,000 each for both Cass County and Audubon County were issued September 11, 2007. First principal payment maturity was June 1, 2008. The principal and interest were paid utilizing Local Option Sales Tax revenues and land lease income. During FY2010, FY2011, FY2012, FY2013 and FY2014, the same sources were used to pay principal and interest. The intent is to continue to pay general obligation expenses through revenues generated through lease of undeveloped farm ground, Local Option Sales Tax revenues designated for economic development, and revenues resulting from development projects that utilize the site. At the end of FY2014, the General Obligation Bonds remaining were approximately \$284,322.

In August of 2011, the County issued \$520,000 of general obligation debt through a local bank to finance the completion of infrastructure improvements at Amaizing Energy site. At the end of FY 2014, the General Obligation Bonds remaining were approximately \$277,000.

In January of 2014, the County entered into a \$350,000 real estate installment contract for the purchase of a building that will house the E911 Communications Center. At the end of FY2014, the real estate installment contract had a remaining balance of \$350,000.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Cass County's Board of Supervisors considered many factors for the fiscal year 2015 budget, tax rates, the local economic conditions and funding of various County services. One of those factors was the economy which continues down. The County also experienced an increase in its insurance costs – liability and workmen's compensation. The population of Cass County as estimated by the 2010 census was 13,956. The county compensation board recommended a 7% increase for attorney and sheriff; and a 3.5% increase for the recorder, treasurer, auditor, and supervisors for FY2015. The board of supervisors reduced all proposed increases by 1/7 and approved a 6% increase for attorney and sheriff; and a 3% increase for the recorder, treasurer, auditor, and supervisors for FY2015.

The County attempts to keep all departmental budgets to as small an increase as practical to help alleviate the difference between revenue and expenditures in an effort to maintain all current county programs. Limitations of growth in the general funds may jeopardize continuation of current levels of service. Cass County has no plans for the addition of any major new programs or initiatives in the FY 2015 budget.

If projections are realized, during FY 2015 some depletion of fund balances may occur.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Cass County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Cass County Auditor's office, Cass County Courthouse, Atlantic, IA 50022, telephone (712)243-4570.

Cass County  
Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,988,696
Receivables:	
Property tax:	
Delinquent	6,882
Succeeding year	6,577,000
Interest and penalty on property tax	10,698
Accounts	25,517
Due from other governments	525,424
Inventories	85,995
Capital assets (net of accumulated depreciation)	<u>21,962,998</u>
Total assets	<u>34,183,210</u>
Liabilities	
Accounts payable	228,133
Accrued interest payable	1,742
Salaries and benefits payable	31,044
Due to other funds	27,933
Due to other governments	318,681
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	183,646
General obligation bonds	83,827
Portion due or payable after one year:	
General obligation bonds	<u>827,495</u>
Total liabilities	<u>1,702,501</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	6,577,000

(continued next page)

Cass County  
Statement of Net Position - continued  
June 30, 2014

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 21,051,676
Restricted for:	
Mental health purposes	815,422
Rural service purposes	414,003
Secondary roads purposes	1,363,871
County attorney and sheriff investigation purposes	581,030
Other purposes	677,397
Unrestricted	<u>1,000,310</u>
Total net position	<u>\$ 25,903,709</u>

See notes to financial statements.

Cass County  
Statement of Activities  
Year ended June 30, 2014

		<u>Program Revenues</u>
	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 2,395,220	\$ 225,318
Physical health and social services	499,198	--
Mental health	1,089,097	572
County environment and education	535,249	14,058
Roads and transportation	5,441,540	--
Governmental services to residents	514,765	315,638
Administration	2,523,256	2,695
Non-program	2,405,639	--
Interest on long-term debt	<u>22,426</u>	<u>--</u>
Total	<u>\$ 15,426,390</u>	<u>\$ 558,281</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net position		
Net position beginning of year		
Net position end of year		

See notes to financial statements.

<u>Program Revenues</u>		
<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
\$ 105,109	\$ --	\$( 2,064,793)
211,336	--	( 287,862)
584,395	--	( 504,130)
88,157	--	( 433,034)
2,945,285	3,420,523	924,268
785	--	( 198,342)
189,154	--	( 2,331,407)
2,231,020	--	( 174,619)
<u>41,961</u>	<u>--</u>	<u>19,535</u>
<u>\$ 6,397,202</u>	<u>\$ 3,420,523</u>	<u>( 5,050,384)</u>

6,051,004  
 49,539  
 312,507  
 582,710  
 61,457  
1,251,994  
8,309,211  
 3,258,827  
22,644,882  
\$ 25,903,709



Cass County  
Balance Sheet  
Governmental Funds

June 30, 2014

	<u>Special Revenue</u>		
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
<b>Assets</b>			
Cash and pooled investments	\$ 1,046,173	\$ 893,617	\$ 431,443
Receivables:			
Property tax:			
Delinquent	5,907	910	65
Succeeding year	3,730,000	620,000	2,227,000
Interest and penalty on property tax	10,698	--	--
Accounts	19,221	--	--
Due from other funds	1,851	--	19,110
Due from other governments	369,803	59,844	--
Inventories	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 5,183,653</u>	<u>\$ 1,574,371</u>	<u>\$ 2,677,618</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 84,157	\$ 96,031	\$ 8,888
Salaries and benefits payable	4,695	1,206	9,844
Due to other governments	281,821	35,147	--
Due to other funds	29,784	--	--
Compensated absences	23,347	429	5,056
Total liabilities	<u>423,804</u>	<u>132,813</u>	<u>23,788</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenues:			
Succeeding year property tax	3,730,000	620,000	2,227,000
Other	17,766	868	65
Total deferred inflows of resources	<u>3,747,766</u>	<u>620,868</u>	<u>2,227,065</u>

(continued next page)

Special Revenue		County Attorney and Sheriff Investigation	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ 1,432,148	\$ 175,791	\$ 581,311	\$ 253,893	\$ 4,814,376
--	--	--	--	6,882
--	--	--	--	6,577,000
--	--	--	--	10,698
1,296	--	--	5,000	25,517
--	--	--	--	20,961
225	95,552	--	--	525,424
<u>85,995</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>85,995</u>
<u>\$ 1,519,664</u>	<u>\$ 271,343</u>	<u>\$ 581,311</u>	<u>\$ 258,893</u>	<u>\$ 12,066,853</u>
\$ 34,750	\$ 1,270	\$ 281	\$ 2,256	\$ 227,633
14,731	--	--	568	31,044
--	163	--	1,550	318,681
--	19,110	--	--	48,894
16,021	--	--	--	44,853
<u>65,502</u>	<u>20,543</u>	<u>281</u>	<u>4,374</u>	<u>671,105</u>
--	--	--	--	6,577,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>18,699</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,595,699</u>

Cass County  
Balance Sheet  
Governmental Funds - continued  
June 30, 2014

	<u>Special Revenue</u>		
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Fund balances:			
Nonspendable:			
Inventories	\$ --	\$ --	\$ --
Restricted for:			
Mental health purposes	--	820,690	--
Rural services purposes	--	--	426,765
Secondary roads purposes	--	--	--
Capital projects	--	--	--
Other purposes	--	--	--
Unassigned	<u>1,012,083</u>	<u>--</u>	<u>--</u>
Total fund balances	<u>1,012,083</u>	<u>820,690</u>	<u>426,765</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 5,183,653</u>	 <u>\$ 1,574,371</u>	 <u>\$ 2,677,618</u>

See notes to financial statements.

Special Revenue				
<u>Secondary Roads</u>	<u>Local Option Sales Tax</u>	<u>County Attorney and Sheriff Investigation</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 85,995	\$ --	\$ --	\$ --	\$ 85,995
--	--	--	--	820,690
--	--	--	--	426,765
1,368,167	--	--	--	1,368,167
--	--	--	66,029	66,029
--	250,800	581,030	188,490	1,020,320
--	--	--	--	1,012,083
<u>1,454,162</u>	<u>250,800</u>	<u>581,030</u>	<u>254,519</u>	<u>4,800,049</u>
 <u>\$ 1,519,664</u>	 <u>\$ 271,343</u>	 <u>\$ 581,311</u>	 <u>\$ 258,893</u>	 <u>\$ 12,066,853</u>

## Cass County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position

June 30, 2014

Total governmental fund balances (page 8)	\$ 4,800,049
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$29,275,478 and the accumulated depreciation is \$7,312,480.	21,962,998
Assets not available to pay for current period expenditures and, therefore, are recognized as deferred inflows in the governmental funds.	18,699
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	173,820
Accrued interest payable, and long-term liabilities, including general obligation bonds, compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>( 1,051,857)</u>
Net position of governmental activities (page 5)	<u>\$ 25,903,709</u>

See notes to financial statements.

Cass County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2014

		<u>Special Revenue</u>	
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Revenues:			
Property and other County tax	\$ 3,365,633	\$ 620,380	\$ 2,059,196
Local option sales tax	--	--	--
Interest and penalty on property tax	50,578	--	--
Intergovernmental	2,762,048	550,565	235,166
Licenses and permits	18,815	--	--
Charges for service	348,065	572	--
Use of money and property	61,457	--	--
Miscellaneous	23,547	8	24,662
Total revenues	<u>6,630,143</u>	<u>1,171,525</u>	<u>2,319,024</u>
Expenditures:			
Operating:			
Public safety and legal services	1,512,220	--	724,742
Physical health and social services	499,198	--	--
Mental health	--	1,092,156	--
County environment and education	332,738	--	93,943
Roads and transportation	--	--	255,843
Governmental services to residents	523,171	--	--
Administration	1,222,405	--	--
Non-program	2,405,639	--	--
Debt service	--	--	--
Capital projects	--	--	511
Total expenditures	<u>6,495,371</u>	<u>1,092,156</u>	<u>1,075,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>134,772</u>	<u>79,369</u>	<u>1,243,985</u>

(continued next page)

Special Revenue		County Attorney and Sheriff Investigation	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ --	\$ --	\$ --	\$ --	\$ 6,045,209
--	582,710	--	--	582,710
--	--	--	--	50,578
2,794,793	--	17,490	41,273	6,401,335
1,335	--	--	--	20,150
--	--	--	2,519	351,156
--	15,600	144	114,175	191,376
18,823	3,422	82,529	105,652	258,643
<u>2,814,951</u>	<u>601,732</u>	<u>100,163</u>	<u>263,619</u>	<u>13,901,157</u>
--	--	122,190	--	2,359,152
--	--	--	--	499,198
--	--	--	--	1,092,156
--	--	--	91,173	517,854
4,702,439	--	--	--	4,958,282
--	--	--	--	523,171
--	--	--	--	1,222,405
--	--	--	--	2,405,639
--	--	--	77,435	77,435
220,159	128,359	--	463,980	813,009
<u>4,922,598</u>	<u>128,359</u>	<u>122,190</u>	<u>632,588</u>	<u>14,468,301</u>
( 2,107,647)	473,373	( 22,027)	( 368,969)	( 567,144)

Cass County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds - continued

Year ended June 30, 2014

	<u>Special Revenue</u>		
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Other financing sources (uses):			
Sale of capital assets	\$ 27,675	\$ --	\$ --
General obligation bond issued	--	--	--
Operating transfers in	16,000	--	234,607
Operating transfers out	( 187,574)	--	( 1,414,295)
Total other financing sources (uses)	<u>( 143,899)</u>	<u>--</u>	<u>( 1,179,688)</u>
Change in fund balances	( 9,127)	79,369	64,297
Fund balances beginning of year	<u>1,021,210</u>	<u>741,321</u>	<u>362,468</u>
Fund balances end of year	<u>\$ 1,012,083</u>	<u>\$ 820,690</u>	<u>\$ 426,765</u>

See notes to financial statements.



Special Revenue				
Secondary Roads	Local Option Sales Tax	County Attorney and Sheriff Investigation	Nonmajor	Total
\$ 116,087	\$ --	\$ --	\$ --	\$ 143,762
--	--	--	350,000	350,000
1,707,834	--	--	135,474	2,093,915
--	( 440,572)	( 16,000)	( 35,474)	( 2,093,915)
<u>1,823,921</u>	<u>( 440,572)</u>	<u>( 16,000)</u>	<u>450,000</u>	<u>493,762</u>
( 283,726)	32,801	( 38,027)	81,031	( 73,382)
<u>1,737,888</u>	<u>217,999</u>	<u>619,057</u>	<u>173,488</u>	<u>4,873,431</u>
<u>\$ 1,454,162</u>	<u>\$ 250,800</u>	<u>\$ 581,030</u>	<u>\$ 254,519</u>	<u>\$ 4,800,049</u>

## Cass County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds to the Statement of Activities

Year ended June 30, 2014

Change in fund balances - Total governmental funds (page 11) \$( 73,382)

Amounts reported for governmental activities in the statements of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,186,432	
Capital assets contributed by the Iowa Department of Transportation	3,420,523	
Depreciation expense	<u>( 947,520)</u>	3,659,435

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. ( 13,428)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Debt proceeds	( 350,000)	
Principal paid	<u>55,830</u>	( 294,170)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows in the governmental funds.

Change in deferred inflows of property tax revenues	4,756
---	-------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	15,987	
Accrued interest on long-term debt	<u>( 821)</u>	15,166

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

( 39,550)

Change in net position of governmental activities (page 6)	<u>\$ 3,258,827</u>
--	---------------------

See notes to financial statements.

Cass County  
Statement of Net Position  
Proprietary Fund

June 30, 2014

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ <u>174,320</u>
Total assets	174,320
Liabilities	
Accounts payable	<u>500</u>
Net Position	
Unrestricted	<u>\$ 173,820</u>

See notes to financial statements.

Cass County  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position  
Proprietary Fund

Year ended June 30, 2014

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		\$ 1,045,856
Reimbursements from employees		151,379
Miscellaneous revenue		<u>31,212</u>
Total operating revenues		1,228,447
Operating expenses:		
Medical claims	\$ 175,525	
Insurance premiums	1,082,947	
Administrative fees	<u>9,525</u>	<u>1,267,997</u>
Operating loss		( 39,550)
Net position beginning of year		<u>213,370</u>
Net position end of year		<u><u>\$ 173,820</u></u>

See notes to financial statements.

Cass County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2014

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,045,856
Cash received from employees and others	182,591
Cash payments to suppliers for services	<u>( 1,267,997)</u>
Net cash used in operating activities	( 39,550)
Cash and cash equivalents at beginning of year	<u>213,870</u>
Cash and cash equivalents at end of year	<u>\$ 174,320</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating loss	\$( 39,550)
Net cash used in operating activities	<u>\$( 39,550)</u>

See notes to financial statements.

Cass County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2014

Assets

Cash and pooled investments:

County Treasurer	\$ 889,789
Other County officials	23,383

Receivables:

Property tax:

Delinquent	40,676
Succeeding year	18,385,000

Accounts

Due from other funds	29,784
----------------------	--------

Due from other governments	146,373
----------------------------	---------

Total assets	19,518,615
--------------	------------

Liabilities

Accounts payable	53,154
------------------	--------

Salaries and benefits payable	6,789
-------------------------------	-------

Due to other funds	1,851
--------------------	-------

Due to other governments	19,363,624
--------------------------	------------

Trusts payable	23,183
----------------	--------

Compensated absences	70,014
----------------------	--------

Total liabilities	19,518,615
-------------------	------------

Net position	\$ --
--------------	-------

See notes to financial statements.

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Cass County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Cass County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Nine drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cass County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Cass County Auditor's office.

Cass County

Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint two of the five members to the board of the Cass County Environmental Control Agency. An audit of this Agency is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Cass County Assessor's Conference Board, Public Safety Communications Commission, Cass County Joint E911 Service Board and Cass County Emergency Management Services Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.



Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

**Special Revenue:**

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the sales tax revenues to be used for property tax relief, community betterment, and capital improvements.

The Sheriff and Attorney Investigation Fund is used to account for forfeiture and other revenues to be used for law enforcement investigations and equipment.

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2013.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings, and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 800 hours (1,004 hours for employees under bargaining agreement in the secondary roads department), upon retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for amounts paid to employees within sixty days after year end. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Position - The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements did not exceed the amount budgeted in any function.

F. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68 "*Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27.*" This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the Iowa Public Employees Retirement System pension plan.

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Cass County  
Notes to Financial Statements  
June 30, 2014

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,878,955 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency: County Offices	\$ 1,851
Special Revenue: Rural Services	Special Revenue Local Option Sales Tax	19,110
Agency: Public Safety	General	29,784
Total		<u>\$ 50,745</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.



Cass County  
Notes to Financial Statements  
June 30, 2014

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: County Attorney and Sheriff Investigation	\$ 16,000
Special Revenue: Secondary Roads	General	124,429
	Special Revenue: Rural Services	1,414,295
	Local Option Sales Tax	<u>169,110</u>
		1,707,834
Special Revenue: Rural Services	Special Revenue: Local Option Sales Tax	234,607
Debt Service	Capital Projects: Amaizing Energy Atlantic	35,474
Special Revenue: Geographic Information System	General	63,145
	Special Revenue: Local Option Sales Tax	<u>36,855</u>
		<u>100,000</u>
		<u>\$ 2,093,915</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Cass County  
Notes to Financial Statements  
June 30, 2014

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,344,700	\$ --	\$ --	\$ 1,344,700
Construction in progress	246,318	4,182,258	3,910,985	517,591
Total capital assets not being depreciated	<u>1,591,018</u>	<u>4,182,258</u>	<u>3,910,985</u>	<u>1,862,291</u>
Capital assets being depreciated:				
Buildings	1,767,158	--	--	1,767,158
Equipment and vehicles	5,653,227	424,697	334,190	5,743,734
Infrastructure, road network	15,991,310	3,910,985	--	19,902,295
Total capital assets being depreciated	<u>23,411,695</u>	<u>4,335,682</u>	<u>334,190</u>	<u>27,413,187</u>
Less accumulated depreciation for:				
Buildings	1,425,035	24,082	--	1,449,117
Equipment and vehicles	3,544,665	474,978	320,762	3,698,881
Infrastructure, road network	1,716,022	448,460	--	2,164,482
Total accumulated depreciation	<u>6,685,722</u>	<u>947,520</u>	<u>320,762</u>	<u>7,312,480</u>
Total capital assets being depreciated, net	<u>16,725,973</u>	<u>3,388,162</u>	<u>13,428</u>	<u>20,100,707</u>
Governmental activities capital assets, net	<u>\$ 18,316,991</u>	<u>\$ 7,570,420</u>	<u>\$ 3,924,413</u>	<u>\$ 21,962,998</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 43,484
County environment and education	44,733
Roads and transportation	826,449
Administrative services	<u>32,854</u>
Total depreciation expense - governmental activities	<u>\$ 947,520</u>

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 6 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 281,821
Special Revenue:		
Mental Health	Services	35,147
Local Option Sales Tax		163
Drainage Districts		<u>1,550</u>
Total for governmental funds		<u>\$ 318,681</u>
Agency:		
County Assessor	Collections	\$ 566,086
Schools		9,647,438
Community Colleges		902,470
Corporations		4,992,954
Auto License and Use Tax		331,458
County Hospital		2,175,808
All Other		<u>747,410</u>
Total for agency funds		<u>\$ 19,363,624</u>

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	<u>General Obligation Bonds</u>	<u>General Obligation Installment Contract</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 617,152	\$ --	\$ 195,171	\$ 812,323
Increases	--	350,000	--	350,000
Decreases	<u>55,830</u>	<u>--</u>	<u>11,525</u>	<u>67,355</u>
Balance end of year	<u>\$ 561,322</u>	<u>\$ 350,000</u>	<u>\$ 183,646</u>	<u>\$ 1,094,968</u>
Due within one year	<u>\$ 56,000</u>	<u>\$ 27,827</u>	<u>\$ 183,646</u>	<u>\$ 267,473</u>

Cass County  
Notes to Financial Statements  
June 30, 2014

NOTE 7 - LONG-TERM LIABILITIES - Continued

A summary of the County's June 30, 2014 general obligation indebtedness is as follows:

<u>Year ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	3.35% - 5.00%	\$ 83,827	\$ 38,147	\$ 121,974
2016	3.35% - 5.00%	90,218	34,703	124,921
2017	3.35% - 5.00%	91,679	30,944	122,623
2018	3.35% - 5.00%	98,213	27,158	125,371
2019	3.35% - 5.00%	99,823	23,082	122,905
2020-2024	3.35% - 5.00%	387,394	51,406	438,800
2025	3.35% - 5.00%	<u>60,168</u>	<u>2,736</u>	<u>62,904</u>
Total		<u>\$ 911,322</u>	<u>\$ 208,176</u>	<u>\$ 1,119,498</u>

During the year ended June 30, 2014, the County retired \$55,830 of general obligation bonds.

NOTE 8 - PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were approximately \$371,000, \$338,000, and \$309,000, respectively, equal to the required contributions for each year.

Cass County

Notes to Financial Statements

June 30, 2014

NOTE 9 - RISK MANAGEMENT

Cass County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members from various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expense, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2014 were approximately \$167,400.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

Cass County  
Notes to Financial Statements  
June 30, 2014

NOTE 9 - RISK MANAGEMENT - continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of \$4,000 for single coverage and \$8,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2014 was \$1,045,856.

Cass County  
Notes to Financial Statements

June 30, 2014

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN - continued

Amounts payable from the Employee Group Health Fund at June 30, 2014 total \$500, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. At June 30, 2014, the County has accumulated funds in excess of actual claims paid of \$173,820, which is reported as net position of the Internal Service, Employee Group Health Fund.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

**Plan Description:** The County operates a single-employer health benefit plan which provides medical, prescription drug, dental, and vision benefits for employees, retirees, and their spouses. There are 106 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical, prescription drug, dental, and vision benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

**Funding Policy:** The contribution requirements of plan members are established and may be amended by the County. The County currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the County and plan members are \$664 for single coverage and \$1,479 for family coverage. For the year ended June 30, 2014, the County contributed \$1,045,856 and plan members eligible for benefits contributed \$182,591 to the plan.

**Net OPEB Obligation:** Management had an actuarial valuation performed dated October 30, 2013. The actuarial report noted the unfunded actuarial accrued liability to be \$237,896. The annual required contribution for the year end June 30, 2014 is \$35,227. The actuarial accrued liability is assuming a 30% participation rate; however, the County's current participation rate is approximately two percent. Because of the high assumed participation rate, management considers the actuarial accrued liability to be overstated. Management considers the liability to be immaterial and has not recorded this liability in its statements of net position.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Subsequent Events

Subsequent to year end, the County purchased various equipment items, a culvert replacement, and a building totaling approximately \$900,000. These purchases were made with existing funds.

The County has evaluated all subsequent events through January 21, 2015, the date the financial statements were available to be issued.

\* \* \*

## REQUIRED SUPPLEMENTARY INFORMATION



Cass County  
 Budgetary Comparison Schedule of  
 Receipts, Disbursements and Changes in Balances -  
 Budget and Actual (Cash Basis) - All Governmental Funds

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other County tax	\$ 6,662,426	\$ --	\$ 6,662,426
Interest and penalty on property tax	50,946	--	50,946
Intergovernmental	6,342,042	--	6,342,042
Licenses and permits	20,150	--	20,150
Charges for service	343,893	--	343,893
Use of money and property	157,878	--	157,878
Miscellaneous	287,671	--	287,671
Total receipts	<u>13,865,006</u>	<u>--</u>	<u>13,865,006</u>
Disbursements:			
Public safety and legal services	2,373,024	--	2,373,024
Physical health and social services	502,620	--	502,620
Mental health	1,089,646	--	1,089,646
County environment and education	434,203	--	434,203
Roads and transportation	4,951,507	--	4,951,507
Governmental services to residents	519,655	--	519,655
Administrative services	1,299,672	--	1,299,672
Non-program	2,747,574	--	2,747,574
Debt service	77,435	--	77,435
Capital projects	461,760	--	461,760
Total disbursements	<u>14,457,096</u>	<u>--</u>	<u>14,457,096</u>
Excess (deficiency) of receipts over (under) disbursements	( 592,090)	--	( 592,090)
Other financing sources, net	<u>493,762</u>	<u>--</u>	<u>493,762</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	( 98,328)	--	( 98,328)
Balance beginning of year	<u>4,912,704</u>	<u>1,550</u>	<u>4,911,154</u>
Balance end of year	<u>\$ 4,814,376</u>	<u>\$ 1,550</u>	<u>\$ 4,812,826</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
\$ 6,717,530	\$ 6,780,030	\$ ( 117,604)
46,410	46,410	4,536
5,875,564	9,915,314	( 3,573,272)
17,225	17,225	2,925
335,290	335,290	8,603
155,345	155,345	2,533
559,525	583,475	( 295,804)
<u>13,706,889</u>	<u>17,833,089</u>	<u>( 3,968,083)</u>
2,536,483	2,669,088	296,064
535,357	586,857	84,237
1,171,840	1,171,840	82,194
510,358	510,358	76,155
4,775,000	5,860,000	908,493
664,921	664,921	145,266
1,577,383	1,577,383	277,711
1,197,589	5,134,399	2,386,825
234,369	234,369	156,934
<u>1,398,053</u>	<u>1,178,053</u>	<u>716,293</u>
<u>14,601,353</u>	<u>19,587,268</u>	<u>5,130,172</u>
( 894,464)	( 1,754,179)	1,162,089
<u>--</u>	<u>--</u>	<u>493,762</u>
( 894,464)	( 1,754,179)	1,655,851
<u>2,877,547</u>	<u>4,906,940</u>	<u>4,214</u>
<u>\$ 1,983,083</u>	<u>\$ 3,152,761</u>	<u>\$ 1,660,065</u>

Cass County  
 Budgetary Comparison Schedule -Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2014

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 13,865,006	\$ 36,151	\$ 13,901,157
Expenditures	<u>14,457,096</u>	<u>11,205</u>	<u>14,468,301</u>
Net	( 592,090)	24,946	( 567,144)
Other financing sources, net	493,762	--	493,762
Beginning fund balances	<u>4,912,704</u>	<u>( 39,273)</u>	<u>4,873,431</u>
Ending fund balances	<u>\$ 4,814,376</u>	<u>\$ ( 14,327)</u>	<u>\$ 4,800,049</u>

See accompanying independent auditor's report.

## Cass County

### Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$4,985,915. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted in any function.

Cass County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2013	July 1, 2012	--	\$ 238	\$ 238	0.0%	\$ 3,690	6.5%
2014	July 1, 2012	--	238	238	0.0%	3,964	6.0%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

## SUPPLEMENTARY INFORMATION

Cass County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2014

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Resource Enhancement and Protection
<b>Assets</b>				
Cash and pooled investments	\$ 4,788	\$ 514	\$ 15,223	\$ 37,554
Receivables:				
Accounts	--	--	--	--
Total assets	<u>\$ 4,788</u>	<u>\$ 514</u>	<u>\$ 15,223</u>	<u>\$ 37,554</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Due to other governments	--	--	--	--
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Fund balances:</b>				
Restricted for:				
Capital projects	--	--	--	--
Other purposes	4,788	514	15,223	37,554
Total fund balances	<u>4,788</u>	<u>514</u>	<u>15,223</u>	<u>37,554</u>
Total liabilities and fund balances	<u>\$ 4,788</u>	<u>\$ 514</u>	<u>\$ 15,223</u>	<u>\$ 37,554</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>					
<u>Flood and Erosion</u>	<u>Drainage Districts</u>	<u>Geographic Information System</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 41,295	\$ 1,550	\$ 89,720	\$ --	\$ 63,249	\$ 253,893
--	--	--	--	5,000	5,000
<u>\$ 41,295</u>	<u>\$ 1,550</u>	<u>\$ 89,720</u>	<u>\$ --</u>	<u>\$ 68,249</u>	<u>\$ 258,893</u>
\$ 36	\$ --	\$ --	\$ --	\$ 2,220	\$ 2,256
568	--	--	--	--	568
--	1,550	--	--	--	1,550
<u>604</u>	<u>1,550</u>	<u>--</u>	<u>--</u>	<u>2,220</u>	<u>4,374</u>
--	--	--	--	66,029	66,029
40,691	--	89,720	--	--	188,490
<u>40,691</u>	<u>--</u>	<u>89,720</u>	<u>--</u>	<u>66,029</u>	<u>254,519</u>
<u>\$ 41,295</u>	<u>\$ 1,550</u>	<u>\$ 89,720</u>	<u>\$ --</u>	<u>\$ 68,249</u>	<u>\$ 258,893</u>



Cass County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2014

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Conservation Land Acquisition Trust	Resource Enhancement and Protection
Revenues:				
Intergovernmental	\$ --	\$ --	\$ --	\$ 14,273
Charges for service	2,371	--	--	--
Use of money and property	4	99	--	2
Miscellaneous	--	--	7,830	--
Total revenues	<u>2,375</u>	<u>99</u>	<u>7,830</u>	<u>14,275</u>
Expenditures:				
Operating:				
County environment and education	1	--	5,505	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	<u>1</u>	<u>--</u>	<u>5,505</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	2,374	99	2,325	14,275
Other financing sources (uses):				
General obligation bonds issued	--	--	--	--
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in fund balances	2,374	99	2,325	14,275
Fund balances beginning of year	<u>2,414</u>	<u>415</u>	<u>12,898</u>	<u>23,279</u>
Fund balances end of year	<u>\$ 4,788</u>	<u>\$ 514</u>	<u>\$ 15,223</u>	<u>\$ 37,554</u>

See accompanying independent auditor's report.

Special Revenue					
Flood and Erosion	Drainage Districts	Geographic Information System	Debt Service	Capital Projects	Total
\$ 27,000	\$ --	\$ --	\$ --	\$ --	\$ 41,273
--	--	148	--	--	2,519
--	--	--	--	114,070	114,175
--	--	50,000	41,961	5,861	105,652
<u>27,000</u>	<u>--</u>	<u>50,148</u>	<u>41,961</u>	<u>119,931</u>	<u>263,619</u>
7,097	--	78,570	--	--	91,173
--	--	--	77,435	--	77,435
--	--	--	--	463,980	463,980
<u>7,097</u>	<u>--</u>	<u>78,570</u>	<u>77,435</u>	<u>463,980</u>	<u>632,588</u>
19,903	--	( 28,422)	( 35,474)	( 344,049)	( 368,969)
--	--	--	--	350,000	350,000
--	--	100,000	35,474	--	135,474
--	--	--	--	( 35,474)	( 35,474)
<u>--</u>	<u>--</u>	<u>100,000</u>	<u>35,474</u>	<u>314,526</u>	<u>450,000</u>
19,903	--	71,578	--	( 29,523)	81,031
<u>20,788</u>	<u>--</u>	<u>18,142</u>	<u>--</u>	<u>95,552</u>	<u>173,488</u>
<u>\$ 40,691</u>	<u>\$ --</u>	<u>\$ 89,720</u>	<u>\$ --</u>	<u>\$ 66,029</u>	<u>\$ 254,519</u>

Cass County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2014

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$       --	\$       2,743	\$       57,484
Other County officials	23,383	--	--
Receivables:			
Property tax:			
Delinquent	--	290	744
Succeeding year	--	198,000	508,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	<u>1,651</u>	<u>--</u>	<u>13,053</u>
Total assets	<u>\$       25,034</u>	<u>\$       201,033</u>	<u>\$       579,281</u>
<b>Liabilities</b>			
Accounts payable	\$       --	\$       --	\$       142
Salaries and benefits payable	--	--	--
Due to other funds	1,851	--	--
Due to other governments	--	201,033	566,086
Trusts payable	23,183	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>13,053</u>
Total liabilities	<u>\$       25,034</u>	<u>\$       201,033</u>	<u>\$       579,281</u>

(continued next page)

<u>Child Support Recovery</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 21,741	\$ 17,155	\$ 3,662	\$ 121,083	\$ 10,117	\$ 47,067
--	--	--	--	--	--
--	--	--	13,355	1,353	21,887
--	--	--	9,513,000	891,000	4,924,000
--	--	--	--	--	--
--	--	--	--	--	--
<u>43,761</u>	<u>23,174</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 65,502</u>	<u>\$ 40,329</u>	<u>\$ 3,662</u>	<u>\$9,647,438</u>	<u>\$ 902,470</u>	<u>\$ 4,992,954</u>
\$ --	\$ 82	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
50,677	36,204	3,662	9,647,438	902,470	4,992,954
--	--	--	--	--	--
<u>14,825</u>	<u>4,043</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 65,502</u>	<u>\$ 40,329</u>	<u>\$ 3,662</u>	<u>\$9,647,438</u>	<u>\$ 902,470</u>	<u>\$ 4,992,954</u>

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued  
Agency Funds

June 30, 2014

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 3,144	\$ --	1,501
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	9	--	4
Succeeding year	205,000	--	3,000
Accounts	--	--	--
Due from other funds	--	--	--
Due from other governments	--	37,423	--
Total assets	<u>\$ 208,153</u>	<u>\$ 37,423</u>	<u>\$ 4,505</u>
<b>Liabilities</b>			
Accounts payable	\$ --	\$ 12,862	\$ --
Salaries and benefits payable	--	2,723	--
Due to other funds	--	--	--
Due to other governments	208,153	--	4,505
Trusts payable	--	--	--
Compensated absences	--	21,838	--
Total liabilities	<u>\$ 208,153</u>	<u>\$ 37,423</u>	<u>\$ 4,505</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>	<u>E911 Operating</u>
\$ 345,497	\$ 44,987	\$ 29,777	\$ 6,161	\$ 211	\$ --
--	--	--	--	--	--
--	3	3,031	--	--	--
--	--	2,143,000	--	--	--
--	--	--	--	--	--
--	--	--	29,784	--	--
--	--	--	27,311	--	--
<u>\$ 345,497</u>	<u>\$ 44,990</u>	<u>\$ 2,175,808</u>	<u>\$ 63,256</u>	<u>\$ 211</u>	<u>\$ --</u>
\$ 14,039	\$ --	\$ --	\$ 625	\$ --	\$ --
--	--	--	4,066	--	--
--	--	--	--	--	--
331,458	44,990	2,175,808	42,310	211	--
--	--	--	--	--	--
--	--	--	16,255	--	--
<u>\$ 345,497</u>	<u>\$ 44,990</u>	<u>\$ 2,175,808</u>	<u>\$ 63,256</u>	<u>\$ 211</u>	<u>\$ --</u>

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued  
Agency Funds

June 30, 2014

	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>	<u>Environmental Planning Trust</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 136,021	\$ 25,453	\$ 2,177
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	3,610	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Total assets	<u>\$ 139,631</u>	<u>\$ 25,453</u>	<u>\$ 2,177</u>
Liabilities			
Accounts payable	\$ 25,404	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	114,227	25,453	2,177
Trusts payable	--	--	--
Compensated absences	--	--	--
Total liabilities	<u>\$ 139,631</u>	<u>\$ 25,453</u>	<u>\$ 2,177</u>

See accompanying independent auditor's report.

<u>Environmental Recycling Trust</u>	<u>Total</u>
\$ 13,808	\$ 889,789
--	23,383
--	40,676
--	18,385,000
--	3,610
--	29,784
--	146,373
<u>\$ 13,808</u>	<u>\$ 19,518,615</u>
\$ --	\$ 53,154
--	6,789
--	1,851
13,808	19,363,624
--	23,183
--	70,014
<u>\$ 13,808</u>	<u>\$ 19,518,615</u>



Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor
Assets and Liabilities			
Balances beginning of year	\$ 7,489	\$ 192,623	\$ 460,453
Additions:			
Property and other County tax	--	197,017	507,455
E911 surcharge	--	--	--
State tax credits	--	10,146	19,886
Office fees and collections	301,417	--	75
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	205,212	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	--	--
Total additions	506,629	207,163	527,416
Deductions:			
Agency Remittances:			
To other funds	160,379	--	--
To other governments	140,573	198,753	408,588
Trusts paid out	188,132	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	489,084	198,753	408,588
Balances end of year	\$ 25,034	\$ 201,033	\$ 579,281

(continued next page)

<u>Child Support Recovery</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 69,997	\$ 23,800	\$ 2,290	\$8,763,623	\$ 710,066	\$ 4,764,925
--	--	--	9,480,838	889,635	4,737,611
--	--	--	--	--	--
--	--	--	458,946	37,368	272,347
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	15,117	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
337,327	105,614	--	--	--	--
<u>337,327</u>	<u>105,614</u>	<u>15,117</u>	<u>9,939,784</u>	<u>927,003</u>	<u>5,009,958</u>
--	--	--	--	--	--
341,822	89,085	13,745	9,055,969	734,599	4,781,929
--	--	--	--	--	--
--	--	--	--	--	--
<u>341,822</u>	<u>89,085</u>	<u>13,745</u>	<u>9,055,969</u>	<u>734,599</u>	<u>4,781,929</u>
<u>\$ 65,502</u>	<u>\$ 40,329</u>	<u>\$ 3,662</u>	<u>\$9,647,438</u>	<u>\$ 902,470</u>	<u>\$ 4,992,954</u>

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued  
Agency Funds

Year ended June 30, 2014

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets and Liabilities			
Balances beginning of year	\$ <u>184,716</u>	\$ <u>39,309</u>	\$ <u>4,545</u>
Additions:			
Property and other County tax	208,230	--	3,335
E911 surcharge	--	--	--
State tax credits	8,745	--	125
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	--	--	--
Miscellaneous	--	905,357	--
Total additions	<u>216,975</u>	<u>905,357</u>	<u>3,460</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	193,538	907,243	3,500
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	--	--
Total deductions	<u>193,538</u>	<u>907,243</u>	<u>3,500</u>
Balances end of year	\$ <u>208,153</u>	\$ <u>37,423</u>	\$ <u>4,505</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>
\$ 328,248	\$ 85,263	\$ 2,136,885	\$ 43,083	\$ 561
--	--	2,087,499	--	--
--	--	--	--	--
--	--	110,133	--	--
--	--	--	--	--
4,312,898	--	--	--	--
134,135	--	--	--	--
--	--	--	--	2,371
--	--	--	--	--
--	--	--	--	--
--	48,348	--	--	--
--	--	--	--	--
287	--	--	448,318	--
<u>4,447,320</u>	<u>48,348</u>	<u>2,197,632</u>	<u>448,318</u>	<u>2,371</u>
213,705	--	--	--	--
4,216,366	88,621	2,158,709	428,145	2,721
--	--	--	--	--
--	--	--	--	--
<u>4,430,071</u>	<u>88,621</u>	<u>2,158,709</u>	<u>428,145</u>	<u>2,721</u>
\$ 345,497	\$ 44,990	\$ 2,175,808	\$ 63,256	\$ 211

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued  
Agency Funds

Year ended June 30, 2014

Assets and Liabilities	<u>E911 Operating</u>	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>
Balances beginning of year	\$ <u>973</u>	\$ <u>101,976</u>	\$ <u>29,375</u>
Additions:			
Property and other County tax	--	--	--
E911 surcharge	--	148,944	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Distribution from E911 surcharge fund	111,970	--	--
Miscellaneous	--	681	80,000
Total additions	<u>111,970</u>	<u>149,625</u>	<u>80,000</u>
Deductions:			
Agency Remittances:			
To other funds	112,943	--	--
To other governments	--	--	83,922
Trusts paid out	--	--	--
Distribution to E911 operating fund	--	111,970	--
Total deductions	<u>112,943</u>	<u>111,970</u>	<u>83,922</u>
Balances end of year	\$ <u>--</u>	\$ <u>139,631</u>	\$ <u>25,453</u>

See accompanying independent auditor's report.

<u>Environmental Planning Trust</u>	<u>Environmental Recycling Trust</u>	<u>Tax Sale Redemption</u>	<u>Total</u>
\$ 2,227	\$ 5,061	\$ --	\$ 17,957,488
--	--	--	18,111,620
--	--	--	148,944
--	--	--	917,696
--	--	--	301,492
--	--	--	4,312,898
--	--	--	134,135
--	--	--	2,371
--	--	--	15,117
--	--	78,268	283,480
--	--	--	48,348
--	--	--	111,970
4,165	8,747	--	1,890,496
<u>4,165</u>	<u>8,747</u>	<u>78,268</u>	<u>26,278,567</u>
--	--	--	487,027
4,215	--	--	23,852,043
--	--	78,268	266,400
--	--	--	111,970
<u>4,215</u>	<u>--</u>	<u>78,268</u>	<u>24,717,440</u>
\$ 2,177	\$ 13,808	\$ --	\$ 19,518,615

Cass County

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Fund Types

For the Last Ten Years

	Modified Accrual Basis				
	2014	2013	2012	2011	2010
Revenues:					
Property and other					
County tax	\$ 6,627,919	\$ 6,620,965	\$ 6,150,888	\$ 5,888,548	\$ 5,069,888
Interest and penalty on					
property tax	50,578	46,845	48,160	50,972	45,035
Intergovernmental	6,401,335	5,145,746	6,705,691	6,087,544	6,509,684
Licenses and permits	20,150	25,939	26,618	72,190	16,134
Charges for service	351,156	366,761	352,680	364,599	331,044
Use of money and					
property	191,376	149,986	160,946	160,970	173,836
Miscellaneous	258,643	343,528	944,132	402,507	313,162
Total	<u>\$ 13,901,157</u>	<u>\$ 12,699,770</u>	<u>\$ 14,389,115</u>	<u>\$ 13,027,330</u>	<u>\$ 12,458,783</u>
Expenditures:					
Operating:					
Public safety and					
legal services	\$ 2,359,152	\$ 2,059,001	\$ 1,935,360	\$ 1,851,156	\$ 1,672,950
Physical health and					
social services	499,198	369,124	478,949	441,375	554,996
Mental health	1,092,156	1,159,179	2,312,828	1,916,651	2,067,276
County environment					
and education	517,854	572,006	430,641	433,668	389,686
Roads and transportation	4,958,282	4,215,133	4,375,809	4,167,109	4,216,540
Governmental services					
to residents	523,171	429,305	402,688	410,872	396,319
Administration	1,222,405	1,174,627	1,129,327	1,070,552	1,019,398
Non-program	2,405,639	1,486,923	867,510	798,090	1,600,473
Debt service	77,435	114,758	249,448	51,584	52,295
Capital projects	813,009	362,366	2,196,115	798,625	1,166,098
Total	<u>\$ 14,468,301</u>	<u>\$ 11,942,422</u>	<u>\$ 14,378,675</u>	<u>\$ 11,939,682</u>	<u>\$ 13,136,031</u>

See accompanying independent auditor's report.

Modified Accrual Basis				
2009	2008	2007	2006	2005
\$ 4,851,694	\$ 4,805,648	\$ 4,678,010	\$ 4,321,827	\$ 4,276,692
49,092	46,544	50,066	35,853	46,776
5,398,243	4,998,735	4,504,374	4,062,946	4,053,344
12,901	16,179	11,624	12,654	10,012
352,024	369,449	311,806	336,859	349,344
197,003	296,102	304,575	279,717	175,927
264,702	325,451	537,730	661,879	282,682
<u>\$ 11,125,659</u>	<u>\$ 10,858,108</u>	<u>\$ 10,398,185</u>	<u>\$ 9,711,735</u>	<u>\$ 9,194,777</u>
\$ 1,710,523	\$ 1,666,411	\$ 1,725,161	\$ 1,611,122	\$ 1,382,309
433,167	415,007	385,611	386,747	395,282
2,121,352	2,315,481	2,147,822	1,941,999	1,795,418
434,787	367,127	360,300	307,792	311,758
4,126,502	3,620,861	3,412,537	3,481,258	3,400,642
359,223	348,097	337,930	462,230	334,862
1,007,030	992,373	923,555	971,115	846,822
337,343	24,067	29,592	117,090	188,489
49,130	569,529	--	--	--
1,081,410	1,412,044	2,138,169	532,209	404,139
<u>\$ 11,660,467</u>	<u>\$ 11,730,997</u>	<u>\$ 11,460,677</u>	<u>\$ 9,811,562</u>	<u>\$ 9,059,721</u>



## Cass County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 18,138
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grant Program/State's Program and Non- Entitlement Grants in Hawaii	14.228	08-DRH-203/ 08-DRH-003	2,231,020
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5883BT15	2,520
Public Health Emergency Preparedness	93.074	5884BT11	30,704
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5883NB06	21,582
Community Transformation Grant Community Projects	93.531	5882HP02/ 5883HP03	90,045
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fun	93.596		5,129
Foster Care - Title IV-E	93.658		6,841
Adoption Assistance - Title IV-E	93.659		1,980
Children's Health Insurance Program (CHIP)	93.767		67
Medical Assistance Program (Medicaid, Title XIX)	93.778		28,584

(continued next page)

## Cass County

## Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2014

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
Iowa Department of Human Services (continued):			
Social Services Block Grant	93.667		\$ 6,391
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	EMPG-13-PT-15	<u>24,735</u>
Total			<u>\$ 2,467,736</u>

Basis of Presentation -The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cass County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the general purpose financial statements.

See accompanying independent auditor's report.

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
DAVID L. HANNASCH  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Cass County, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 21, 2015.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cass County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cass County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined below.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis.

To the Officials of Cass County, Iowa

A significant deficiency is a deficiency, or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cass County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of non-compliance or other matter that is described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Response to Finding**

Cass County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Cass County's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*G. M. Wohl, Bell, Kuhn & W.P.C.*

Atlantic, Iowa  
January 21, 2015

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
DAVID L. HANNASCH  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

Independent Auditor's Report on Compliance  
for Each Major Federal Program, on Internal Control over Compliance  
and on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133

To the Officials of Cass County, Iowa

## **Report on Compliance for Each Major Federal Program**

We have audited Cass County Iowa's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2014. The County's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the County's management.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the County's compliance.

To the Officials of Cass County, Iowa

### **Opinion on Each Major Federal Program**

In our opinion, Cass County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Cass County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cass County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gmewoll, Bell, Kuhn & Co. P.C.

Atlantic, Iowa  
January 21, 2015

Cass County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

Part I: Summary of the Independent Auditor's Results

*Financial Statements*

- (a) Type of auditor's report issued:
- Unmodified.
- (b) Internal control over financial reporting:
- Material weakness(es) identified? ☐ yes ☒ no
  - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (c) Noncompliance material to financial statements noted? ☐ yes ☒ no

*Federal Awards*

- (d) Internal control over major program:
- Material weakness(es) identified? ☐ yes ☒ no
  - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (e) Type of auditor's report issued on compliance for major program:
- Unmodified.
- (f) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133? ☐ yes ☒ no
- (g) Identification of major program:
- CFDA Number 14.228 - Community Development Block Grant Program/ State's Program and Non-Entitlement Grants in Hawaii
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- (i) Auditee qualified as low-risk auditee? ☒ yes ☐ no



Cass County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Cass County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting

- 14-IV-A Certified Budget: Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.
- 14-IV-B Questionable Expenditures: No expenditures were noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 14-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 14-IV-D Business Transactions: The following business transactions between the County and County officials were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Joyce Jensen, Recorder, Stockholder in Robinson Hardware	Supplies	\$ 3,078

The transactions with a corporation in which the Recorder owns stock may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the total transactions exceed \$1,500 during the fiscal year and the transactions were not competitively bid.

Recommendation: The County should consult legal counsel to determine the disposition of this matter.

Response: All purchases from Robinson Hardware were made by departments other than that of the Recorder, except for \$24, with no single purchase greater than \$500. This is not considered to be a conflict.

Conclusion: Response accepted.

- 14-IV-E Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- 14-IV-F Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

Cass County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting - Continued

- 14-IV-G    Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 14-IV-H    Resource Enhancement and Protection Certification: The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 14-IV-I    County Extension Office: The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

\* \* \*